

Message Text

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SUBJECT: BULGARIAN-US ECONOMIC COUNCIL MEETING

REF: SOFIA 0451

1. BEGIN UNCLASSIFIED: SUMMARY: ALTHOUGH THERE WAS LITTLE
CONCRETE DISCUSSION DURING EITHER THE PLENARY SESSION OR
THE MEETINGS WITH SENIOR USG OFFICIALS, THE BUSEC MEETING
PROVIDED AN OPPORTUNITY FOR BOTH SIDES TO EXPRESS THEIR IN-
TEREST IN EXPANDING AND DIVERSIFYING TRADE. BOTH SIDES
AGREED THAT MFN AND GOVERNMENT CREDITS WOULD GREATLY ASSIST
TH,S PROCESS. END SUMMARY.

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2. AT THE COUNCIL'S PLENARY SESSION (ATTENDED BY OBSERVERS
FROM STATE, COMMERCE AND AGRICULTURE), VICE MINISTER
BASHIKAROV SET THE BULGARIAN THEME IN HIS OPENING REMARKS
RAPIDLY DURING THE LAST FEW YEARS IF TRADE CONDITIONS HAD
BEEN NORMAL AND IF GOVERNMENT CREDITS HAD BEEN AVAILABLE.
HE SAID THAT HE IS A PATIENT OPTIMIST ON THIS ISSUE, BUT
THAT THE US SHOULD REALIZE THAT IT IS MISSING BUSINESS

OPPORTUNITIES AND THAT SOME OF THOSE OPPORTUNITIES MAY BE IRREVERSIBLE. TOROMANOV NOTED THAT AS OF THE FIRST OF THE YEAR SOME OF THE BULGARIAN FTO'S HAVE BEEN MERGED, AND THAT

THE FTO'S NOW HAVE MORE RESPONSIBILITY FOR SPENDING DECISIONS. THE MINISTRY OF FOREIGN TRADE HAS BEEN GIVEN INCREASED AUTHORITY TO STOP CERTAIN FOREIGN TRADE TRANSACTIONS. HE SAID THAT FOREIGN FIRMS MAY NOW OPEN REPRESENTATION OFFICES IN BULGARIA AND NOTED THAT FIFTEEN SUCH OFFICES ARE ALREADY OPEN. VARIOUS MEMBERS OF THE BULGARIAN DELEGATION REVIEWED TRADE OPPORTUNITIES THAT MAY EXIST FOR US FIRMS. THESE WERE PRINCIPALLY IN THE AREAS OF CHEMICALS, ESPECIALLY PETROCHEMICALS, FERTILIZERS AND SYNTHETIC FIBERS; EQUIPMENT FOR THE MODERNIZATION OF THE METALLURGICAL INDUSTRIES; AND FOOD PROCESSING EQUIPMENT.

3. THE CHAIRMAN OF THE US SECTION OF THE COUNCIL, WILLIAM MAY, READ LETTERS OF GREETING FROM SECRETARIES KREPS AND BLUMENTHAL. MAY THEN EXPRESSED THE US SECTION'S HOPE THAT BILATERAL TRADE WILL CONTINUE TO EXPAND AND THAT IT WILL BE DIVERSIFIED. HE SAID THAT SECRETARY VANCE'S DISCUSSIONS IN MOSCOW MIGHT HELP CLARIFY THE NEW ADMINISTRATION'S THINKING ON EAST-WEST TRADE POLICY. HE ENCOURAGED THE BULGARIANS TO OPEN THEIR OFFICE IN SAN FRANCISCO. WENTWORTH, SENIOR VICE PRESIDENT OF CHASE MANHATTAN, TOLD THE PLENARY MEETING THAT HE THOUGHT NEWSPAPER ACCOUNTS OF EASTERN EUROPEAN DEBT PROBLEMS WERE EXAGGERATED. HIS BANK WILL CONTINUE TO LOAN MONEY TO BULGARIA, HE SAID. LIMITED OFFICIAL USE

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4. THE COUNCIL ADOPTED A NONBINDING PROCEDURE FOR THE PRE-ARBITRAL CONCILIATION OF COMMERCIAL DISPUTES. EACH SIDE WILL APPOINT THREE CONCILIATORS WHO WILL BE APPROVED BY THE BUSEC PLENARY SESSION AND WILL SERVE FOR THREE YEAR TERMS. IF A DISPUTE ARISES OVER A CONTRACT CONTAINING A CLAUSE CALLING FOR USE OF THIS PROCEDURE, EACH PARTY MAY CHOOSE ONE CONCILIATOR TO REPRESENT IT. THE TWO CONCILIATORS WILL PROPOSE A SOLUTION IN WRITING. THE AMERICAN ARBITRATION ASSOCIATION AND THE ARBITRATION COURT OF THE BULGARIAN CHAMBER OF COMMERCE AND INDUSTRY WILL ACT AS ADVISERS FOR THIS PROCEDURE. MORE DETAIL; OF THIS PROCEDURE WILL BE CONTAINED IN THE US CHAMBER'S REPORT ON THE MEETING, COPIES OF WHICH WILL BE SENT TO THE POST AS SOON AS THEY ARE AVAILABLE.

5. THE CALLS ON SENIOR USG OFFICIALS BY LEADERS OF BOTH THE US AND BULGARIAN SECTIONS CONTAINED LITTLE SUBSTANCE. BASHIKAROV TOLD ASSISTANT SECRETARY-DESIGNATE OF AGRICUL-

TURE HATHAWAY THAT BULGARIA IS STILL INTERESTED IN AN AGRICULTURAL COOPERATION AGREEMENT. HATHAWAY REPLIED ONLY THAT HE VIEWED EXCHANGES AS A POSITIVE DEVELOPMENT. WHEN BASHIKAROV ASKED WHETHER SECRETARY BERGLAND OR ANY OF HIS SENIOR DEPUTIES MIGHT TRAVEL ABROAD THIS YEAR, HATHAWAY SAID THAT HE THOUGHT THAT THAT WOULD NOT BE POSSIBLE.

DURING THE CALL ON UNDERSECRETARY-DESIGNATE HARMON OF COMMERCE, BASHIKAROV PRESENTED A LETTER OF GREETING FROM KRISTOV TO SECRETARY KREPS. THE LETTER EXTENDS AN INVITATION TO HER TO VISIT BULGARIA THIS YEAR. AT TREASURY, BASHIKAROV TOLD UNDER SECRETARY-DESIGNATE SOLOMON THAT BILATERAL TRADE HAD BEEN INCREASING, BUT THAT IT COULD BE SUBSTANTIALLY GREATER IF MFN AND GOVERNMENT CREDITS WERE AVAILABLE. SOLOMON SAID THAT HE HAD NO COMMENT BECAUSE THE ADMINISTRATION HAD NOT YET DEVELOPED A POSITION ON TH- SUBJECT.
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6. DAS ARMITAGE TOLD THE LEADERS OF THE TWO SECTIONS THAT DIVIDED FAMILY PROBLEMS ARE NOT OF GREAT NUMBER IN THE CASE OF BULGARIA AND WE ARE HOPEFUL REMAINING CASES CAN BE PROMPTLY SOLVED. EVEN IN THE ABSENCE OF MFN AND GOVERNMENT CREDITS, WE HAVE MADE PROGRESS DURING THE LAST YEAR. WE HAVE SIGNED A FISHING AGREEMENT; MADE -ARRANGEMENT FOR A TRADE OFFICE; AND REACHED AGREEMENT ON TEXT OF CULTURAL/SCIENTIFIC EXCHANGE AGREEMENT. ARMITAGE NOTED THAT SOME US FIRMS WOULD LIKE TO GET MORE INFORMATION ABOUT THE BULGARIAN ECONOMY, AT WHICH POINT MAY SAID THAT THE BULGARIANS HAD SHARED WITH THE US SECTION A DETAILED BREAKDOWN OF THEIR FIVE-YEAR PLAN. ARMITAGE SAID WE HAVE HAD SOME SPECIFIC PROBLEMS WITH POLAND BECAUSE OF OUR ANTI-DUMPING AND CVD LEGISLATION. HE SUGGESTED THAT BULGARIA MIGHT FIND US LEGAL ASSISTANCE HELPFUL AS IT BEGINS TO DEVELOP ITS EXPORTS. BASHIKAROV SAID HE WAS GLAD TO LEARN THAT NOT ALL AMERICANS SUPPORT THE JACKSON-VANIK AMENDMENT. HE SAID BULGARIA WILL CONTINUE TO WORK TO IMPROVE COOPERATION IN THE HOPE THAT TRADE RELATIONS CAN BE NORMALIZED. ALL BULGARIAN ENTITIES AT ALL LEVELS STAND READY TO IMPROVE COOPERATION. BASHIKAROV ADDED THAT HE WAS CONVINCED THAT HIS DELEGATION WAS MEETING A CONSTRUCTIVE APPROACH AND UNDERSTANDING IN THE US AND THEREFORE THEY ARE OPTIMISTIC.

7. ARMITAGE ASKED BASHIKAROV TO DESCRIBE MORE PRECISELY HOW MFN WOULD BENEFIT BULGARIA. BASHIKAROV SAID THAT MFN WOULD ENABLE BULGARIA TO OFFER BETTER PRICES ON ITS TRADITIONAL EXPORTS TO THE US. HE NOTED THAT BULGARIA

LOSES THREE MILLION DOLLARS ANNUALLY ON TOBACCO ALONE.
MFN WOULD ENCOURAGE NEW COOPERATION AGREEMENTS SUCH AS
THE GM PROPOSAL FOR EARTH-MOVING TRUCKS AND FORK LIFTS.
FINALLY, BECAUSE CREDITS WOULD BECOME AVAILABLE, US EX-
PORTS WOULD BE STIMULATED.
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8. DAS DOWNEY ADDRESSED THE COUNCIL'S DINNER MEETING
HELD AT THE METROPOLITAN CLUB ON MARCH 14.

9. FOLLOWING CONCLUSION OF COUNCIL MEETING ON MARCH 14
AND MEETINGS WITH USG OFFICIALS ON MARCH 15, BULGARIAN
DELEGATION SPENT REMAINDER OF WEEK (WITH EXCEPTION OF
STOP AT WILLIAMSBURG) IN MEETINGS WITH US FIRMS. AL-
THOUGH WE DO NOT YET HAVE SPECIFICS ON THESE MEETINGS,
BULGARIAN EMBASSY INFORMED US THIS WEEK THAT TALKS HAD
BEEN VERY SATISFACTORY WITH POSSIBILITIES IDENTIFIED
FOR COOPERATION AND TRADE IN SMALL MACHINE TOOLS AND
OTHER MACHINERY. EMBASSY SAID NEXT STEP WAS FOR U.S.
FIRMS TO VISIT BULGARIA FOR FURTHER, MORE SPECIFIC DIS-
CUSSIONS. WE WILL REPORT ANY DETAILS ON THESE COMMERCIAL
DISCUSSIONS WE SUBSEQUENTLY ARE ABLE TO OBTAIN. END
UNCLASSIFIED

10. BEGIN LIMITED OFFICIAL USE: COMMENT: ALTHOUGH
THE CHAMBER AND MAY WERE UNSUCCESSFUL IN THEIR EFFORTS
TO OBTAIN PARTICIPATION BY VICE PRESIDENT MONDALE AND
CABINET LEVEL USG OFFICIALS, THE BULGARIAN DELEGATION
AND AMBASSADOR POPOV SAID AT THE CONCLUSION OF THE MEETINGS
THAT THEY WERE SATISFIED WITH THE LEVEL OF APPOINTMENTS.
THE AMBASSADOR'S RECEPTION FOR THE DELEGATION WAS WELL
ATTENDED.

11. THERE WAS NOT MUCH CONCRETE DISCUSSION, EITHER IN THE
PLENARY OR IN THE MEETINGS WITH USG OFFICIALS. BOTH THE
BULGARIAN AND THE US DELEGATIONS GAVE THE APPEARANCE OF
MARKING TIME UNTIL THE ADMINISTRATION'S VIEWS ON THE
JACKSON-VANIK AMENDMENT BECOME KNOWN. THE BULGARIANS
HAVE NOT YET MOVED TO OPEN THEIR SAN FRANCISCO OFFICE,
BUT THEIR COMMERCIAL COUNSELOR INFORMED US THAT HE IS
PLANNING A TRIP TO SAN FRANCISCO IN APRIL TO CALL ON
LOCAL OFFICIALS AND TO BEGIN TO LAY THE GROUNDWORK FOR
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OPENING THE OFFICE.

12. FROM OUR CONVERSATION IT APPEARS THAT THE US MEMBERS OF THE COUNCIL ARE UNANIMOUS IN THEIR SUPPORT OF MFN FOR BULGARIA. MAY SEEMED SURPRISED WHEN, ON ENTERING THE STATE DEPARTMENT, A DEPARTMENT OFFICER POINTED OUT MAREV TO HIM AND RECOUNTED THE HISTORY OF MAREV'S CASE. MAY SAID HE HAD UNDERSTOOD THAT ALL SUCH PROBLEMS WERE BEING SOLVED. MAY DID NOT HAVE AN OPPORTUNITY TO SAY SO, BUT JUDGING FROM HIS REACTION, WE WOULD NOT BE SURPRISED IF HE MADE SOME EFFORT ON MAREV'S BEHALF. END COMMENT: END LIMITED OFFICIAL USE:
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